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A. State-owned Trading Companies

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Six domestic trading companies were established in 1950: the China Food Company, the China Textiles Company, the China Salt Company, the China General Merchandise Company, the China Coal and Building Materials Company, and the China Native Products Company.[73] All of these trading companies have established branches and sub-branches in nearly all of the major cities of Central-South China. Some companies, such as the China General Merchandise Company and the China Native Products Company, have established branches in rural areas. In 1953, the state introduced a system of planned purchase and supply of grain and edible vegetable oils. The state grain markets were established throughout the country. In June 1954 there were approximately 1,200 such markets in Central-South China, and the number increased to about 9,000 at the end of July in the same year.[74] The progres of the planned purchase and supply of grain was rapid during the second half of 1954. In Central-South China 69.4 per cent of the projected target was completed[75] by November 20, 1954.

In September 1954 the planned purchase of cotton and the planned purchase and supply of cotton cloth

73. Tu-pao Shou-ts'e [Newspaper Reading Handbook] , Hankow Ch'ang-chiang jih-pao she [Yangtze Daily Co.] , 1950, pp. 422-23.

74. China Weekly, No. 106, Jan. 10, 1955, p. 38.

75. Ibid., p. 39.

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were introduced. The primary aim was to eliminate the private wholesale and retail dealers in cotton cloth and to stabilize the prices. As a result of these new measures, the majority of the cotton and cotton-cloth shops were liquidated and such shops changed to other trades. In Kwangtung, approximately 110 branches of the China Cotton Textile Company were organized at the end of August 1954, with about 5,000 civilian retail shops acting as company agents.[76]

B. Supply and Marketing Co-operatives

The supply and marketing co-operative in Communists China is an organization formed on a "voluntary basis" by the peasants. Its capital is made up of shares held by the members; it supplies members with farm implements, fertilizer, and daily necessities, and markets their agricultural produce and products of the local industries. The state trading companies and their branches often make advance contracts with these co-operatives by supplying them their products at fixed low prices. The Communists reported that about 32,625 supply and marketing co-operatives including 1,868 consumer co-operatives, with a total membership of 166 million, had been organized by the end of June 1954. At least, 10,000 such co-operatives were estimated to have been set up in Central-South China during the same period.[77] These co-operatives did an

76. Ibid.

77. Far Eastern Economic Review, Hong Kong, Vol. XVIII, No. 19, p. 597.